

# **FISCAL NOTE**

## **HB 728 - SB 1805**

March 2, 2005

**SUMMARY OF BILL:** Extends the reduced state sales tax rate of three and one-half percent (3.5%) on the sale of manufactured homes to the sale of modular building units to be used as homes.

### **ESTIMATED FISCAL IMPACT:**


#### **Decrease State Revenues – Less than \$100,000**

Assumptions:

- Definition of a modular building unit means a structural unit, or preassembled component unit including the necessary electrical, plumbing, heating, ventilating and other service systems, manufactured off-site and transported to the point of use for installation or erection, with or without other specified components, as a finished building and not designed for ready removal to another site.
- Modular building unit does not apply to temporary structures used exclusively for construction purposes or nonresidential farm buildings.
- Sales of modular building units are currently taxed at the normal rate, generating tax revenue up to \$200,000 per year.
- Reducing the rate by 50%, from 7% to 3.5%, reduces the amount of state sales tax revenue generated on modular building units by an amount up to \$100,000.
- Enactment of this bill does not impact local government.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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